

HOUSE BILL No. 1493

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2-5-44; IC 10-12.

Synopsis: Cost of living adjustments and thirteenth checks. Provides for cost of living adjustments in 2015 and 2016 for certain members of the: (1) public employees' retirement fund; (2) Indiana state teachers' retirement fund; (3) state police pre-1987 benefit system; and (4) state police 1987 benefit system. Provides that employer contributions may not be used to pay for the cost of living adjustments unless, and only to the extent that, the appropriations in the state budget are insufficient to pay the cost of living adjustments. Provides for a thirteenth check in 2015 and 2016 for certain members of the: (1) Indiana state teachers' retirement fund; (2) public employees' retirement fund; (3) state excise police, gaming agent, gaming control officer, and conservation enforcement officers' retirement plan; (4) state police 1987 benefit system; and (5) state police pre-1987 benefit system. Provides that employer contributions may not be used to pay for the thirteenth checks unless, and only to the extent that, the appropriations in the state budget are insufficient to pay thirteenth checks.

Effective: Upon passage.

**Cherry, Carbaugh, Burton,
Niezgodski**

January 14, 2015, read first time and referred to Committee on Employment, Labor and Pensions.



First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1493

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.2-5-44 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: **Sec. 44. (a) The pension portion (plus**
4 **postretirement increases to the pension portion) provided by**
5 **employer contributions of the monthly benefit payable after June**
6 **30, 2015, to a member of the public employees' retirement fund (or**
7 **to a survivor or beneficiary of a member of the public employees'**
8 **retirement fund) or the Indiana state teachers' retirement fund (or**
9 **to a survivor or beneficiary of a member of the Indiana state**
10 **teachers' retirement fund) who retired or was disabled before**
11 **January 1, 2015, shall be increased by the amount determined**
12 **under subsection (c).**
13 **(b) The pension portion (plus postretirement increases to the**
14 **pension portion) provided by employer contributions of the**
15 **monthly benefit payable after June 30, 2016, to a member of the**



1 public employees' retirement fund (or to a survivor or beneficiary
 2 of a member of the public employees' retirement fund) or the
 3 Indiana state teachers' retirement fund (or to a survivor or
 4 beneficiary of a member of the Indiana state teachers' retirement
 5 fund) who retired or was disabled before January 1, 2016, shall be
 6 increased by the amount determined under subsection (c).

7 (c) The amount paid under this section to a member of the fund
 8 (or to a survivor or beneficiary of a member) who meets the
 9 requirements of subsection (b) or (c) is equal to:

10 (1) seven dollars and fifty cents (\$7.50) per year; multiplied by

11 (2) the lesser of:

12 (A) the number of years of the member's creditable
 13 service; or

14 (B) thirty (30) years.

15 (d) The creditable service used to determine the amount of the
 16 increased monthly benefit payable to a member (or to a survivor
 17 or beneficiary of a member) under this section is the creditable
 18 service that was used to compute the member's retirement benefit
 19 under IC 5-10.2-4-4, except that partial years of creditable service
 20 may not be used to determine the amount of the increased monthly
 21 benefit payable under this section.

22 (e) Subsections (a) and (b) do not apply to a member of the
 23 public employees' retirement fund (or to a survivor or beneficiary
 24 of a member of the public employees' retirement fund) whose
 25 creditable service was earned only as an elected official.

26 (f) The increases specified in this section:

27 (1) are based on the date of the member's latest retirement or
 28 disability;

29 (2) do not apply to benefits payable in a lump sum; and

30 (3) are in addition to any other increase provided by law.

31 (g) The board may not use employer contributions to pay the
 32 increases required under subsections (a) and (b) unless, and only
 33 to the extent that, the present value of the amounts necessary to
 34 pay the increases required under subsections (a) and (b) exceed the
 35 amounts appropriated in the state budget for the biennium
 36 beginning July 1, 2015, for the purposes described in subsections
 37 (a) and (b).

38 SECTION 2. IC 10-12-3-8 IS ADDED TO THE INDIANA CODE
 39 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 40 UPON PASSAGE]: Sec. 8. (a) Subject to subsection (d), the increase
 41 to the basic monthly pension amount (plus postretirement
 42 increases) payable after June 30, 2015, to an employee beneficiary



of the state police pre-1987 benefit system who retired or was disabled before July 2, 2014, and who had at least twenty (20) years of service, is equal to one percent (1%) of the total of:

- (1) the employee beneficiary's monthly pension amount, as calculated under section 7 of this chapter; and
- (2) any supplemental benefit amount that the employee beneficiary receives under IC 10-12-5.

(b) Subject to subsection (d), the increase to the basic monthly pension amount (plus postretirement increases) payable after June 30, 2016, to an employee beneficiary of the state police pre-1987 benefit system who retired or was disabled before July 2, 2015, and who had at least twenty (20) years of service, is equal to one percent (1%) of the total of:

- (1) the employee beneficiary's monthly pension amount, as calculated under section 7 of this chapter; and
- (2) any supplemental benefit amount that the employee beneficiary receives under IC 10-12-5.

(c) The increases specified in this section:

- (1) must be based on the date of the employee beneficiary's latest retirement or disability;
- (2) do not apply to the benefits payable in a lump sum; and
- (3) are in addition to any other increase provided by law, subject to subsection (d).

(d) If a supplemental benefit under IC 10-12-5 is payable based on an increase in the sixth year trooper salary in the grant year, an employee beneficiary shall receive the greater of:

- (1) the increase in the supplemental benefit to which the employee beneficiary would be entitled without regard to this section as a result of an increase in the sixth year trooper salary in the grant year; or
- (2) the increase calculated in accordance with this section.

(e) The trustee may not use employer contributions to make the payments required under subsections (a) and (b) unless, and only to the extent that, the present value of the amounts required to make the payments under subsections (a) and (b) exceeds the respective appropriations in the state budget for the biennium beginning July 1, 2015, for the purposes described in subsections (a) and (b).

SECTION 3. IC 10-12-4-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) The basic monthly pension amount (plus postretirement increases) payable after June 30, 2015, to an



1 employee beneficiary of the state police 1987 benefit system who
 2 retired or was disabled after June 30, 1987, and before July 2,
 3 2014, shall be increased by one percent (1%) of the maximum basic
 4 monthly pension amount payable to a retired state police employee
 5 in the grade of a trooper who has completed twenty-five (25) years
 6 of service as of July 1, 2015, as calculated under section 7 of this
 7 chapter.

8 (b) The basic monthly pension amount (plus postretirement
 9 increases) payable after June 30, 2016, to an employee beneficiary
 10 of the state police 1987 benefit system who retired or was disabled
 11 after June 30, 1987, and before July 2, 2015, shall be increased by
 12 one percent (1%) of the maximum basic monthly pension amount
 13 payable to a retired state police employee in the grade of a trooper
 14 who has completed twenty-five (25) years of service as of July 1,
 15 2016, as calculated under section 7 of this chapter.

16 (c) The increases specified in this section:

17 (1) must be based on the date of the employee beneficiary's
 18 latest retirement or disability;

19 (2) do not apply to the benefits payable in a lump sum; and

20 (3) are in addition to any other increase provided by law.

21 (d) The trustee may not use employer contributions to make the
 22 payments required under subsections (a) and (b) unless, and only
 23 to the extent that, the present value of the amounts required to
 24 make the payments under subsections (a) and (b) exceeds the
 25 respective appropriations in the state budget for the biennium
 26 beginning July 1, 2015, for the purposes described in subsections
 27 (a) and (b).

28 SECTION 4. IC 10-12-5-3, AS AMENDED BY P.L.5-2008,
 29 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 30 UPON PASSAGE]: Sec. 3. (a) The pension advisory board that
 31 administers the pension under IC 10-12-3 shall direct and supervise the
 32 supplemental benefits provided in this chapter.

33 (b) The pension advisory board shall:

34 (1) annually provide a schedule showing the number of retirees
 35 receiving pension benefits under IC 10-12-3; and

36 (2) meet at least one (1) time each year to add to the regular
 37 pension benefit or annuity and any previously granted
 38 supplemental benefit the amount described in subsection (c) or

39 (d).

40 (c) This subsection applies only to a retiree who is eligible for the
 41 first time under section 2 of this chapter to receive a supplemental
 42 benefit. The supplemental benefit referred to in subsection (b)(2) for



a retiree in the first year the retiree is eligible for a supplemental benefit is the sum of:

(1) the difference between:

(A) the retiree's pension benefit; and

(B) the pension benefit:

(i) received by an employee retiring in that year from the department with twenty (20) years of active service; and

(ii) computed on the day the pension advisory board meets as required under subsection (b)(2); plus

(2) any amount computed under subsection (d) after the date the retiree reaches fifty-five (55) years of age.

(d) This subsection applies to a retiree who is eligible under section 2 of this chapter to receive a supplemental benefit, but whose supplemental benefit is not computed under subsection (c). The supplemental benefit referred to in subsection (b)(2) is equal to fifty percent (50%) of the difference between:

(1) the pension benefits to be received by an employee retiring from the department with twenty (20) years of active service the day after a change in the monthly wage received by a police employee in the grade of trooper at the beginning of the trooper's sixth year of service; and

(2) the pension benefit received by an employee retiring from the department with twenty (20) years of active service the day before a change in the monthly wage received by a police employee in the grade of trooper at the beginning of the trooper's sixth year of service.

(e) For any year, if a supplemental benefit is paid under this section based on an increase of the monthly wage of a police employee in the grade of trooper at the beginning of the trooper's sixth year of service that is conferred during the year, an employee beneficiary shall receive the greater of:

(1) the increase in the supplemental benefit to which the employee beneficiary would be entitled under this section as a result of an increase in the monthly wage of a police employee in the grade of trooper at the beginning of the trooper's sixth year of service; or

(2) the increase payable under another statute.

SECTION 5. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "fund" refers to the Indiana state teachers' retirement fund established by IC 5-10.4-2-1.

(b) Not later than October 1, 2015, the fund shall pay the amount determined under subsection (d) to a member of the fund



(or to a survivor or beneficiary of a member) who retired or was disabled on or before December 1, 2014, and who is entitled to receive a monthly benefit on July 1, 2015. The amount is not an increase in the pension portion of the monthly benefit.

(c) Not later than October 1, 2016, the fund shall pay the amount determined under subsection (d) to a member of the fund (or to a survivor or beneficiary of a member) who retired or was disabled on or before December 1, 2015, and who is entitled to receive a monthly benefit on July 1, 2016. The amount is not an increase in the pension portion of the monthly benefit.

(d) The amount paid under this SECTION to a member of the fund (or to a survivor or beneficiary of a member) who meets the requirements of subsection (b) or (c) is equal to:

(1) seven dollars and fifty cents (\$7.50) per year; multiplied by

(2) the lesser of:

(A) the number of years of the member's creditable service; or

(B) thirty (30) years.

(e) The creditable service used to determine the amount paid to a member (or to a survivor or beneficiary of a member) under this SECTION is the creditable service that was used to compute the member's retirement benefit under IC 5-10.2-4-4, except that partial years of creditable service may not be used to determine the amount paid under this SECTION.

(f) If two (2) or more survivors or beneficiaries of a member are entitled to an amount paid under this SECTION, the amount shall be allocated to the survivors or beneficiaries in shares using the same percentages as the percentages determined under IC 5-10.2-3-7.5 or IC 5-10.4-4-10 to pay the monthly benefit to the survivors or beneficiaries.

(g) The fund may not use employer contributions to make the payments required under subsections (b) and (c) unless, and only to the extent that, the amounts necessary to make the payments required under subsections (b) and (c) exceed the amounts appropriated in the state budget for the biennium beginning July 1, 2015, for the purposes described in subsections (b) and (c).

(h) This SECTION expires January 1, 2017.

SECTION 6. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "fund" refers to the public employees' retirement fund established by IC 5-10.3-2-1.

(b) Not later than October 1, 2015, the fund shall pay the amount determined under subsection (d) to a member of the fund



(or to a survivor or beneficiary of a member) who retired or was disabled on or before December 1, 2014, and who is entitled to receive a monthly benefit on July 1, 2015. The amount is not an increase in the pension portion of the monthly benefit.

(c) Not later than October 1, 2016, the fund shall pay the amount determined under subsection (d) to a member of the fund (or to a survivor or beneficiary of a member) who retired or was disabled on or before December 1, 2015, and who is entitled to receive a monthly benefit on July 1, 2016. The amount is not an increase in the pension portion of the monthly benefit.

(d) The amount paid under this SECTION to a member of the fund (or to a survivor or beneficiary of a member) who meets the requirements of subsection (b) or (c) is equal to:

(1) seven dollars and fifty cents (\$7.50) per year; multiplied by

(2) the lesser of:

(A) the number of years of the member's creditable service; or

(B) thirty (30) years.

(e) The creditable service used to determine the amount paid to a member (or to a survivor or beneficiary of a member) under this SECTION is the creditable service that was used to compute the member's retirement benefit under IC 5-10.2-4-4, except that partial years of creditable service may not be used to determine the amount paid under this SECTION.

(f) If two (2) or more survivors or beneficiaries of a member are entitled to an amount paid under this SECTION, the amount shall be allocated to the survivors or beneficiaries in shares using the same percentages as the percentages determined under IC 5-10.2-3-7.5 or IC 5-10.3-8-15 to pay the monthly benefit to the survivors or beneficiaries.

(g) The fund may not use employer contributions to make the payments required under subsections (b) and (c) unless, and only to the extent that, the amounts necessary to make the payments required under subsections (b) and (c) exceed the amounts appropriated in the state budget for the biennium beginning July 1, 2015, for the purposes described in subsections (b) and (c).

(h) This SECTION expires January 1, 2017.

SECTION 7. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "participant" has the meaning set forth in IC 5-10-5.5-1.

(b) As used in this SECTION, "plan" refers to the state excise police, gaming agent, gaming control officer, and conservation



1 enforcement officers' retirement plan established by IC 5-10-5.5-2.

2 (c) Not later than October 1, 2015, the board of trustees of the
3 Indiana public retirement system established by IC 5-10.5-3-1 shall
4 pay the amount determined under subsection (e) to a plan
5 participant (or to a survivor or beneficiary of a plan participant)
6 who retired or was disabled on or before December 1, 2014, and
7 who is entitled to receive a monthly benefit on July 1, 2015. The
8 amount is not an increase in the annual retirement allowance.

9 (d) Not later than October 1, 2016, the board of trustees of the
10 Indiana public retirement system established by IC 5-10.5-3-1 shall
11 pay the amount determined under subsection (e) to a plan
12 participant (or to a survivor or beneficiary of a plan participant)
13 who retired or was disabled on or before December 1, 2015, and
14 who is entitled to receive a monthly benefit on July 1, 2016. The
15 amount is not an increase in the annual retirement allowance.

16 (e) The amount paid under this SECTION to a plan participant
17 of the fund (or to a survivor or beneficiary of a plan participant)
18 who meets the requirements of subsection (c) or (d) is equal to:

19 (1) seven dollars and fifty cents (\$7.50) per year; multiplied by

20 (2) the lesser of:

21 (A) the number of years of the plan participant's creditable
22 service; or

23 (B) thirty (30) years.

24 (f) The creditable service used to determine the amount paid to
25 a plan participant (or to a survivor or beneficiary of a plan
26 participant) under this SECTION is the creditable service that was
27 used to compute the plan participant's retirement allowance under
28 IC 5-10-5.5-10 and IC 5-10-5.5-12, except that partial years of
29 creditable service may not be used to determine the amount paid
30 under this SECTION.

31 (g) If two (2) or more survivors or beneficiaries of a plan
32 participant are entitled to an amount paid under this SECTION,
33 the amount shall be allocated to the survivors or beneficiaries in
34 shares using the same percentages as the percentages determined
35 under IC 5-10-5.5-16 to pay the monthly benefit to the survivors or
36 beneficiaries.

37 (h) The board of trustees of the Indiana public retirement
38 system established by IC 5-10.5-3-1 may not use employer
39 contributions to make the payments required under subsections (c)
40 and (d) unless, and only to the extent that, the amounts required to
41 make the payments under subsections (c) and (d) exceed the
42 appropriations in the state budget for the biennium beginning July



1, 2015, for the purposes described in subsections (c) and (d).

(i) This SECTION expires January 1, 2017.

SECTION 8. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "trustee" has the meaning set forth in IC 10-12-1-10.

(b) As used in this SECTION, "trust fund" has the meaning set forth in IC 10-12-1-11.

(c) Not later than October 1, 2015, the trustee shall pay from the trust fund to each employee beneficiary of the state police pre-1987 benefit system covered by IC 10-12-3 who:

(1) retired or was disabled before July 2, 2014; and

(2) is entitled to receive a monthly benefit as of September 1, 2015;

an amount equal to one percent (1%) of the maximum basic annual pension amount payable to a retired state police employee in the grade of trooper who has completed twenty (20) years of service as of July 1, 2015, as calculated under IC 10-12-3-7.

(d) Not later than October 1, 2016, the trustee shall pay from the trust fund to each employee beneficiary of the state police pre-1987 benefit system covered by IC 10-12-3 who:

(1) retired or was disabled before July 2, 2015; and

(2) is entitled to receive a monthly benefit as of September 1, 2016;

an amount equal to one percent (1%) of the maximum basic annual pension amount payable to a retired state police employee in the grade of trooper who has completed twenty (20) years of service as of July 1, 2016, as calculated under IC 10-12-3-7.

(e) The amounts paid under this SECTION are not an increase in the monthly pension amount of an employee beneficiary.

(f) The trustee may not use employer contributions to make the payments required under subsections (c) and (d) unless, and only to the extent that, the amounts required to make the payments under subsections (c) and (d) exceed the appropriations in the state budget for the biennium beginning July 1, 2015, for the purposes described in subsections (c) and (d).

(g) This SECTION expires January 1, 2017.

SECTION 9. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "trustee" has the meaning set forth in IC 10-12-1-10.

(b) As used in this SECTION, "trust fund" has the meaning set forth in IC 10-12-1-11.

(c) Not later than October 1, 2015, the trustee shall pay from the trust fund to each employee beneficiary of the state police 1987 benefit system covered by IC 10-12-4 who:



1 (1) retired or was disabled after June 30, 1987, and before
 2 July 2, 2014; and

3 (2) is entitled to receive a monthly benefit as of September 1,
 4 2015;

5 an amount equal to one percent (1%) of the maximum basic annual
 6 pension amount payable to a retired state police employee in the
 7 grade of trooper who has completed twenty-five (25) years of
 8 service as of July 1, 2015, as calculated under IC 10-12-4-7.

9 (d) Not later than October 1, 2016, the trustee shall pay from the
 10 trust fund to each employee beneficiary of the state police 1987
 11 benefit system covered by IC 10-12-4 who:

12 (1) retired or was disabled after June 30, 1987, and before
 13 July 2, 2015; and

14 (2) is entitled to receive a monthly benefit as of September 1,
 15 2016;

16 an amount equal to one percent (1%) of the maximum basic annual
 17 pension amount payable to a retired state police employee in the
 18 grade of trooper who has completed twenty-five (25) years of
 19 service as of July 1, 2016, as calculated under IC 10-12-4-7.

20 (e) The amount paid under this SECTION is not an increase in
 21 the monthly pension amount of an employee beneficiary.

22 (f) The trustee may not use employer contributions to make the
 23 payments required under subsections (c) and (d) unless, and only
 24 to the extent that, the amounts required to make the payments
 25 under subsections (c) and (d) exceed the appropriations in the state
 26 budget for the biennium beginning July 1, 2015, for the purposes
 27 described in subsections (c) and (d).

28 (g) This SECTION expires January 1, 2017.

29 SECTION 10. An emergency is declared for this act.

